

**CORRECTED FISCAL NOTE**  
**SB 3393 - HB 3503**

April 26, 2004

**SUMMARY OF BILL:**

- Changes the industry coding system used to determine the reserve ratio on which Tennessee's unemployment insurance new employer rates are based from the Standard Industrial Classification (SIC) Codes to the North American Industry Classification System (NAICS), effective July 1, 2004. The SIC codes consists of eight main industry groupings and the NAICS has 23 more detailed classifications.
- Changes the employer experience rating data (benefits charged, premiums paid, and average taxable wages) used in determining the industry classification Reserve Ratios from all historical data to all employers active at any time within the last 36 months ending on the December 31 computation date.

**ESTIMATED FISCAL IMPACT:**

On February 24, 2004, we issued a fiscal note which indicated *an increase in state expenditures of \$73,000 and a decrease in revenues of \$4,900,000 from the Unemployment Trust Fund*. Based on additional information provided to us, the estimated fiscal impact of this bill is:

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**Other Fiscal Impact:**

**Increase Federal Expenditures - \$73,000 One-Time**

**Decrease Revenues - \$4,900,000/Unemployment Trust Fund**

Estimate assumes:

- Increased expenditures in the Department of Labor and Workforce Development, for one-time computer programming costs of changing the current programming to determine the new employer rates. This cost will be covered by federal funds.
- Decreased revenues to the Tennessee Unemployment Insurance Trust Fund from the unemployment insurance premium rate coding system beginning July 1, 2004.

NOTE: This estimate is based on wage and occupation data for 2001-2003. These data may vary over time resulting in differing impacts on the Unemployment Insurance Trust Fund.

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director